

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 TRSE-00 COME-00

XMB-02 OPIC-03 AID-05 IGA-01 SS-15 NSC-05 PA-01 PRS-01

USIA-06 CIAE-00 INR-07 NSAE-00 L-02 H-02 /086 W

----- 115737

R 190727Z MAR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8764

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

US MISSION EC BRUSSELS

US MISSION GENEVA 1537

US DEL MTN GENEVA

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PASS TREASURY FOR PELIKAN AND EXIMBANK FOR GIANTURCO

E.O. 11652: N/A

TAGS: EFIN JA

SUBJ: EXPORT INSURANCE

1. MITI STRONGLY RESISTING BUSINESS DEMANDS FOR INFLATION
INSURANCE DESPITE PRESS REPORTS TO CONTRARY, SAYS OFFICIAL,
EXPORT INSURANCE DIV. LACK OF SUCH COVER FOR U.S. EXPORTERS
BEING CITED BY MITI AS MAJOR REASON WHY JAPANESE DO NOT NEED
THIS TYPE OF INSURANCE DESPITE RECENT BRITISH ACTION.

OFFICIAL SAID HE HOPED U.S. AND JAPAN CAN STICK TOGETHER,

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AND MENTIONED FORTHCOMING OECD TRADE COMMITTEE CONSULTATIONS

UAON BRITISH INSURANCE SCHEME. EMBASSY BELIEVES GOJ CAN BE COUNTED ON TO RESIST FURTHER SPREAD OF SUCH SCHEMES. OFFICIAL SAID MITI DOES NOT HAVE BUDGETARY RESOURCES TO PROVIDE INSURANCE SUBSIDIES WHICH, IN ANY CASE, MERELY GIVE DIET OPPORTUNITY TO CRITICIZE JAPANESE BIG BUSINESS.

2. FOLLOWING ADOPTION OF FOREX RISK COVERAGE IN NOV 1974, INSURANCE REMAINS VIRTUALLY UNUSED ACCORDING TO MITI OFFICIAL. EXPORTERS CONSIDER INSURANCE COSTS TOO HIGH. PREMIUM IS 1.5 PERCENT P.A. FOR INDIVIDUAL TRANSACTIONS (COMPARED WITH 0.6-0.7 PERCENT P.A. IN EUROPE) AND 0.8 PERCENT P.A. FOR FULL-TURNOVER POLICY LASTING THREE YEARS. ONLY ONE APPLICATION HAS BEEN FILED AND APPROVED FOR INDIVIDUAL TRANSACTION INSURANCE, AND ONLY TWO FOR FULL-TURNOVER TRANSACTION. LATTER REPRESENTS PLANT EXPORTS TO POLAND AND USSR WITH ONE TRANSACTION AMOUNTING TO \$500 MIL BY A TRADING COMPANY. INQUIRIES REGARDING FOREX RISK COVERAGE HAVE INCREASED IN RECENT WEEKS AS DOLLAR HAS DEPRECIATED. OFFICIAL PREFERS JAPANESE BUSINESS AVOID FOREX RISK BY DENOMINATED TRANSACTIONS IN YEN RATHER THAN SEEKING INSURANCE.

HODGSON

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Message Attributes

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Disposition Approved on Date:
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Disposition Case Number: n/a
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Margaret P. Grafeld
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EO Systematic Review
05 JUL 2006

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